

Message Text

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70

ACTION ARA-20

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SP-03 SS-20

USIA-15 AID-20 EB-11 CIEP-02 TRSE-00 STR-08 OMB-01

CEA-02 COME-00 XMB-07 NIC-01 FEA-02 AGR-20 SWF-02

HEW-08 DRC-01 /180 W

----- 006644

R 082145Z APR 74

FM AMEMBASSY GEORGETOWN

TO SECSTATE WASHDC 9555

INFO AMEMBASSY BRIDGETOWN

AMEMBASSY KINGSTON

AMEMBASSY PORT OF SPAIN

AMEMBASSY CARACAS

C O N F I D E N T I A L GEORGETOWN 0532

E.O. 1165

: GDS

TAGS: PFOR, PINT, GY

SUBJECT: INTRODUCTORY CALL ON PRIME MINISTER BURNHAM

SUMMARY: BURNHAM WAS IN RELAXED GOOD HUMOR AND SPOKE FRANKLY IN THIS FIRST MEETING. HE EXPRESSED HOPE TO CONTINUE CORDIAL AND FRANK RELATIONS HE HAD HAD WITH MY PREDECESSORS. HIS INTERESTS WERE FOCUSED ON ECONOMIC PROBLEMS, I.E. PETROLEUM PRICE INCREASES, REQUEST FOR EXIM BANK LOAN TO FINANCE WHEAT IMPORTS, PROSPECTS FOR SUGAR AND BAUXITE PRODUCTION AND EXPORTS, NEED TO CONTROL GUYANA'S IMPORTS THROUGH LICENSING SYSTEM, AND POSSIBLE CHANGES IN US ASSISTANCE PATTERNS AND ORGANIZATION. ONLY POLITICAL TOPIC HE RAISED WAS WHETHER US WOULD GRANT VISA TOCHEDDI JAGAN. END SUMMARY.

1. IN ARRANGING FOR PRESENTING CREDENTIALS AND OTHER INTRODUCTORY CALLS, FONOFF HAD AGREED TO MAKE INITIAL
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APPOINTMENT WITH PRIME MINISTER BURNHAM. HOWEVER, PM'S

SECRETARY CALLED AFTERNOON APRIL 4, AFTER I PRESENTED CREDENTIALS THAT MORNING TO PRESIDENT CHUNG, ASKING IF I COULD SEE BURNHAM THAT AFTERNOON. I SAW HIM AT OFFICIAL RESIDENCE FOR 45 MINUTES. HE BEGAN BY EXPLAINING HE TOOK INITIATIVE SINCE HE PLANNED BE OUT OF TOWN UNTIL APRIL 9 AND DID NOT WANT TO KEEP ME WAITING THAT LONG.

2. GETTING DOWN TO BUSINESS, BURNHAM RECALLED EXCELLENT

PERSONAL RELATIONS HE HAD ENJOYED WITH MY PREDECESSORS AND SAID HE HOPED THIS TRADITION WOULD CONTINUE. I ASSURED HIM THAT I WAS ENTIRELY SINCERE IN SAYING TO PRESIDENT CHUNG THAT MORNING THAT I HOPED TO CONDUCT BUSINESS ON BASIS OF "OPEN AND FRANK DIALOGUE." PM SAID HE WAS GRATIFIED THAT HE HAD ALWAYS BEEN ABLE TO DISCUSS PROBLEMS FRANKLY AND OPENLY WITH USG REPS AND WHEN DIFFERENCES AROSE THEY HAD NEVER BEEN BASIS FOR POLEMICS. HE CITED AS MAJOR DIFFERENCES THE VOTE ON CHIREP IN 1971 UNGA, ALCAN NATIONALIZATION, AND "THEN THERE'S FIDEL."

3. PM THEN LAUNCHED INTO REVIEW OF GUYANA'S ECONOMIC PROBLEMS. HIGHER PETROLEUM PRICES, HE SAID, WOULD ADD US \$25-30 MILLION TO GUYANA'S 1974 IMPORT COSTS. ADDITIONALLY, HIGHER PRICES OF PETROCHEMICAL FERTILIZERS WERE AFFECTING COST OF SUGAR PRODUCTION. HE SAID GOG IS DISCUSSING THIS PROBLEM WITH TRINIDAD AND TOBAGO, PRESUMABLY WITH EYE TO SOME FORM OF PRICE RELIEF, AND THAT HE HOPED FONMIN RAMPHAL WOULD HAVE SOME SUCCESS IN HIS TALKS WITH OPEC. ON OTHER HAND, HE SAID, PROSPCTS WERE GOOD BOTH FOR SUGAR AND BAUXITE. 80,000 TONS OF SUGAR HAVE ALREADY BEE HARVESTED THIS YEAR OF WHICH GOG WAS ABLE TO SELL SUBSTANTIAL QUANTITY TO US ON "FIRST COME" ALLOCATION PLUS FILLING REGULAR QUOTA. HE SAID THAT THEY ALSO HAD SOLD TWO CARGOS AT WORLD PRICES. (OUR INFORMATS REPORT 10,000-TON SALE TO MOROCCO.) ON BAUXITE, HE SAID THAT GUYBAU HAD ALREADY CONTRACTED TO SELL 1973-1974 PRODUCTION. HE ADDED THAT EXIM BANK LOAN HAD BEEN VERY HELPFUL IN PROVIDING EQUIPMENT TO EXPAND PRODUCTION AND REHABILITATE PLANT.

4. ON WHEAT, BURNHAM BEGAN BY SAYING DOMESTIC SUBSIDY WAS CONFIDENTIAL

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GETTING OUT OF HAND; HAD REACHED STAGE GOVERNMENT PAYING MORE IN SUBSIDIES THAN CONSUMER FOR END PRODUCT. HE SAID HE AND CABINET ARE STUDYING POSSIBLE MEASURES BUT THAT OBVIOUSLY SOMETHING HAS TO GIVE BEFORE LONG. THIS LED HIM TO ASK ABOUT PROSPECTS FOR US 1974 WHEAT CROP TO WHICH I REPLIED THAT PROSPECTS WERE GOOD EXCEPT FOR MINOR FERTILIZER SUPPLY PROBLEM. HE THEN ASKED WHETHER WE WERE MAKING ADDITIONAL SALES TO SOVIET UNION. I SAID NOT TO MY KNOWLEDGE. BY THIS

DEVIOUS LITE HE ARRIVED AT INQUIRING ABOUT THE POSSIBILITY OF EXIM BANK FINANCING WHEAT PURCHASES IN US. I SAID THIS SUBJECT HAD COME UP DURING MY CONSULTATIONS IN WASHINGTON AND THAT I REGRETTED TO SAY THAT THE PROSPECTS WERE NOT FAVORABLE, BOTH BECAUSE THE DEMAND FOR US WHEAT WAS SUCH THAT WE COULD SELL IT ALL FOR CASH AND BECAUSE EXIM BANK NORMALLY LIMITS ITS OPERATIONS TO FINANCING CAPITAL EQUIPMENT. HE DID NOT PURSUE THE SUBJECT FURTHER.

5. AS I HAD HEARD EARLIER IN THE DAY THE GOVERNMENT HAD ANNOUNCED NEW MEASURE REQUIRING LICENSING OF ALL IMPORTS, I ASKED BURNHAM IF THIS WERE CORRECT. HE CONFIRMED ADOPTION OF THIS MEASURE, THE OBJECTIVE OF WHICH HE SAID WAS TO PERMIT QUANTITATIVE CONTROL OVER CERTAIN TYPES OF IMPORTS (DETAILS ARE BEING REPORTED SEPTEL).

6. BURNHAM THEN SAID THAT HE HAD HEARD THAT AGENCY FOR INTERNATIONAL DEVELOPMENT (AID) WAS TO BE DISBANDED AND ASKED IF I KNEW ANYTHING ABOUT IT. I SAID THAT INDEED AS HE WAS AWARE THERE IS A DEFINITE TREND IN OUR POLICY TOWARD GREATER UTILIZATION OF MULTILATERAL CHANNELS BUT THAT I BELIEVED THAT OUR NEED FOR FLEXIBILITY WOULD MEAN THAT BILATERAL ASSISTANCE WOULD NOT BE ELIMINATED FOR SOME YEARS TO COME. I SAID THAT AS FAR AS AID ORGANIZATION IS CONCERNED AT SOME FUTURE DATE IT MIGHT WELL BE SUBSUMED WITHIN STATE DEPARTMENT, BUT THAT I HAD HEARD NOTHING THAT WOULD INDICATE THAT THIS WAS EVEN UNDER CONCENTRATED STUDY. I POINTED OUT THAT WITHIN THE ARA BUREAU THERE IS ALREADY A SUBSTANTIAL INTEGRATION OF STATE AND AID ORGANIZATIONS.

7. WITHOUT PRELIMINARIES, HE SAID HE HAD HEARD THAT CHEDDI JAGAN HAD APPLIED FOR A US VISA AND ASKED WHAT WE WERE

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DOING ABOUT IT. I SAID THIS WAS SUBJECT I HAD INTENDED TO RAISE WITH HIM AND THEN EXPLAINED THAT I HAD REVIEWED MATTER WITH EMBASSY STAFF INCLUDING HISTORY OF PREVIOUS APPLICATIONS. I SAID WE HAD ARRIVED AT CONSENSUS WITHIN EMBASSY THAT BECAUSE OF VARIETY OF REASONS IT WOULD BE DESIRABLE TO RECOMMEND TO WASHINGTON THAT WAIVER BE GRANTED (SEPTEL UPCOMING). WE FELT THAT THERE WOULD BE UNFAVORABLE PUBLIC REACTION IN CERTAIN QUARTERS IN US AND ELSEWHERE IF VISA WERE DENIED. I MENTIONED FACT THAT VISA HAD ALREADY BEEN GRANTED TO MRS. JAGAN WHICH PROMPTED BURNHAM TO ASK WHETHER AS PERSON BORN IN US MRS. JAGAN WOULD NOT BE SUBJECT TO AUTOMATIC REPATRIATION IN LIGHT DEFINITION CITIZENSHIP VS RUSK. I SAID MY IMPRESSION WAS THAT SHE WAS A VOLUNTARY EXPATRIATE AND THAT SHE DID INDEED REQUIRE A VISA. BURNHAM MADE NO FURTHER COMMENT EXCEPT TO SAY THAT MRS. JAGAN WAS

A GIFT WE CAN TAKE BACK ANY TIME, AND THAT HIS HANDS WERE
TIED AS REGARDS ACTION TO WITHHOLD PASSPORT FROM CHEDDI.

8. FINALLY BURNHAM ASKED WHAT ACTION HAD BEEN TAKEN ON AN
EARLIER REQUEST FOR THE LOAN OF DR. EDWIN J. NICHOLS,
PSYCHOLOGIST EMPLOYED BY HEW. HE SAID HE NEEDED AN URGENT
ANSWER ON THIS MATTER AND I UNDERTOOK TO FIND OUT WHAT HAD
HAPPENED (SEE SEPTEL). KREBS

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Message Attributes

Automatic Decaptoning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CREDENTIALS PRESENTATION, ECONOMIC CONDITIONS, FOREIGN RELATIONS, AMBASSADORS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 08 APR 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: blochd0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974GEORGE00532
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: DG ALTERED
Executive Order: GS
Errors: N/A
Film Number: D740080-0386
From: GEORGETOWN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740459/aaaacbdz.tel
Line Count: 177
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: blochd0
Review Comment: n/a
Review Content Flags:
Review Date: 15 JUN 2005
Review Event:
Review Exemptions: n/a
Review History: RELEASED <10 SEP 2002 by WorrelSW>; APPROVED <06 FEB 2003 by GolinoFR>; WITHDRAWN <13 Jun 2005 by BoyleJA, PRIVACY>; RELEASED <15 JUN 2005 by powellba2>; APPROVED <17 JUN 2005 by blochd0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: INTRODUCTORY CALL ON PRIME MINISTER BURNHAM SUMMARY: BURNHAM WAS IN RELAXED GOOD HUMOR AND SPOKE FRANKLY
TAGS: PFOR, PINT, GY, US
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005